

Cross Departmental Expenditure Reviews: Lessons from the Pilot Exercises

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34

Cross Departmental Expenditure
Reviews: Lessons from the
Pilot Exercises

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FOREWORD

This paper is the thirty-fourth in a series undertaken by the Committee for Public Management Research. The Committee is developing a comprehensive programme of research designed to serve the needs of the future developments of the Irish public service. Committee members come from the following eight departments: Finance; Environment, Heritage and Local Government; Health and Children; Taoiseach; Transport; Communications, Marine and Natural Resources; Social and Family Affairs; Office of the Revenue Commissioners and also from Trinity College Dublin, University College Dublin and the Institute of Public Administration.

This series aims to prompt discussion and debate on topical issues of particular interest or concern. The papers may outline experience, both national and international, in dealing with a particular issue. Or they may be more conceptual in nature, prompting the development of new ideas on public management issues. They are not intended to set out any official position on the topic under scrutiny. Rather, the intention is to identify current thinking and best practice.

We would very much welcome comments on this paper and on public management research more generally. To ensure that the discussion papers and wider research programme of the Committee for Public Management Research are relevant to managers and staff, we need to hear from you. What do you think of the issues being raised? Are there other topics you would like to see researched?

Research into the problems, solutions and successes of public management processes and the way organisations can best adapt in a changing environment has much to contribute to good management, and is a vital element in the public service renewal process. The Committee for Public Management Research intends to provide a service to

people working in public organisations by enhancing the knowledge base on public management issues.

Jim Duffy, Chair

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General information on the activities of the Committee for Public Management Research, including this paper and others in the series, can be found on its website: www.cpmr.gov.ie; information on Institute of Public Administration research in progress can be found at www.ipa.ie.

EXECUTIVE SUMMARY

Background

The expenditure review initiative (ERI) was launched by the Department of Finance in May 1997. The intention is to promote systematic analysis of what is being achieved by government spending. Guidelines issued by the Department of Finance state that areas of expenditure that cut across departmental boundaries should be included in the review process. The Expenditure Review Central Steering Committee (ERCSC), which oversees the ERI, decided that it would be wise to undertake a small number of pilot cross-departmental reviews with a view towards designing systems for and approaches to such reviews that would be capable of being transferred to other departments and offices. Departments and offices were asked to suggest topics. In May 2002, as part of its general discussion on the expenditure review process, the government approved the following two topics for review, with nominated lead departments:

- Cross-departmental expenditure review of supports for the long-term unemployed (Department of Enterprise, Trade and Employment)
- Cross-departmental expenditure review of the government's strategy for road safety 1998-2002 (Department of Transport).

The CPMR was asked to provide a review of the lessons learned from the pilot exercises and to develop practical guidelines for the future practice of cross-departmental reviews.

Findings from the pilot reviews

The initial timescale for the pilot cross-departmental reviews envisaged their commencement in October 2002 with a view to their completion in 2003. In practice, the

reviews were not completed until the end of 2005. In many ways this delay in the production of the reports is the main issue for consideration in terms of progressing cross-departmental reviews in the future. A number of systemic factors that lead to delays in the carrying out of cross-departmental expenditure reviews were identified:

- *The effect of other government priority projects on the conduct of the cross-departmental reviews.* The Community Enterprise scheme policy review and other urgent priorities impacted on the *Supports for the Long-Term Unemployed* review, and the development of a new road safety strategy impacted on the *Road Safety* review. These other priorities took precedence in terms of resource availability.
- *The establishment and oversight of steering committees.* In some instances, other departments were slow to respond to invitations to participate in the steering committee for the review.
- *The absence of agreed, dedicated resources* (both personnel and financial) from the start of the review process led to lengthy discussion as to how to resource the cross-departmental expenditure reviews. Changes occurred in the personnel dedicated to the reviews which of themselves increased the delays, with new people needing to familiarise themselves with the issues.

With regard to the main findings from the review reports that were finally produced, a number of key points emerge:

- One of the main strengths and benefits of the pilot cross-departmental reviews is that they manage to pull together information on expenditure for the areas under scrutiny that had not been available before in a comprehensive manner.
- Both review reports attempt to assess the performance of programmes and measures. Data deficiencies caused difficulties with this exercise. But, despite these difficulties, both pilot review reports provide useful analysis and comments about performance. A

significant potential contribution of the pilot cross-departmental expenditure reviews is that they point towards the development of new performance indicators to allow a more comprehensive assessment of performance in the future. Both reports are strong in this regard.

- Synthesis and overview of the findings – how well the various programmes examined work together – occurred but is probably the weakest aspect of the pilot cross-departmental reviews.

Lessons learned

In terms of learning lessons from the pilot exercise, a number of key lessons emerge as being important for the conduct of future cross-departmental reviews.

The prioritisation of cross-departmental expenditure reviews

In terms of thinking how cross-departmental expenditure reviews might receive higher priority in the future, approaches to ensuring reviews which receive priority include:

- *Formal notification of priority.* In this context, the listing of participation in cross-departmental reviews in the statements of strategy and business plans of all participating departments is important (as suggested for reviews generally by the ERCSC [in Department of Finance, 2004]).
- *Sign-off on terms of reference and resourcing.* The secretaries general of all departments concerned should be asked to sign-off on the terms of reference and on the resources they intend to make available to the review. In addition, secretaries general could be asked to sign-off at key stages in the review.
- *Report sign-off by all participants.* Currently, the secretary general of the lead department signs off each cross-departmental review report. Consideration should be given to having cross-departmental reviews signed off by the secretaries general of all participating departments.

- *Political oversight.* The choice of topics for cross-departmental reviews should be a matter for specific government decision. Copies of completed review reports should be forwarded to the relevant Oireachtas committees when completed.

Resourcing cross-departmental expenditure reviews

If resourcing of the cross-departmental reviews is not to continue to be an issue into the future, consideration needs to be given to ensuring that there is clarity from the initiation of an individual review as to how it is to be staffed and financed. A number of options are possible:

- The lead department for the cross-departmental review can take sole responsibility for staffing and financing the review, with other departments on the steering committee simply playing an oversight role. This may or may not involve contracting out of the conduct of the review analysis to consultants. The danger here is that such an arrangement does not solve the type of problems encountered in the pilot cross-departmental reviews.
- Participating departments in the steering committee can pool resources (both personnel and financial) to jointly resource the cross-departmental review. Again, analysis may be done either through consultants or staff assigned to the review from participating departments. Experience from the pilot projects indicates that such commitments will need to be clearly established at the start of the process, with sign-off by the secretaries general of the participating departments.
- A central pool of resources could be made available to provide support for cross-departmental reviews. With regard to this option, it should be noted that the ERCSC welcomed the decision by the Department of Finance to bring about a gradual integration of the NDP/CSF evaluation unit into the ERI (Department of Finance, 2004). The NDP/CSF evaluation unit has experience in carrying out and commissioning evaluations of a cross-cutting nature.

Whichever option is chosen, what is important is that all the key stakeholders in the cross-departmental review are aware from the start of their resource commitments and are willing to ensure that these commitments are adhered to. Some mixture of the options is also possible, with either of the first two options being facilitated by a central resource that could be brought in to provide expertise at a particular stage or to conduct a particular piece of analysis for the cross-departmental review.

Terms of reference for cross-departmental expenditure reviews

While each individual cross-departmental review will have its own specific terms of reference, there are common issues that most cross-departmental reviews would be expected to address. Just as there are generic terms of reference provided by the Department of Finance as a guide for departmental expenditure reviews, it is helpful to have generic terms of reference for cross-departmental reviews. Items to be considered for inclusion in generic terms of reference are:

- identify common agreed objectives, results and strategies
- map the existing expenditure levels and trends in expenditure
- outline the structures and processes used to manage and report on expenditure
- assess the efficiency and effectiveness of contributory programmes and the extent to which information is being used to track and improve performance
- make recommendations as to the development of future performance indicators and information requirements
- make recommendations as to absolute and relative shifts in expenditure in order to achieve desired outcomes.

Methodological issues associated with conducting cross-departmental reviews

The evaluation of cross-departmental expenditure poses particular methodological problems. Often, the building block for review of cross-departmental programmes and strategies is the evaluation of individual measures. But separate evaluations of individual measures, which by their nature are likely to be distinct and different from each other, in practice often tells us very little about how cross-departmental programmes and strategies as a whole are working. This was issue encountered by the two pilot cross-departmental reviews. In this context, it is important that the methodologies used in carrying out cross-departmental reviews includes an element of synthesis across measures and programmes to allow an overview of resource allocation and potential reallocation decisions to be considered.

Given these methodological issues, cross-departmental reviews are often likely to need specialist expertise that may not be available in line divisions in departments. In terms of the resourcing issue, departments may need to access particular expertise either centrally held (for example within planning units or the Department of Finance) or externally contracted. Such expertise should be seen as complementary to, and not a substitute for, the involvement of local management in reviews.

Progressing recommendations

As the pilot review reports had only been recently completed at the time of this study, it is not possible to comment on the implementation of recommendations. However, it is likely that cross-departmental reviews will pose particular challenges in terms of tracking the implementation of recommendations.

For standard expenditure reviews, departments are required to put in place systems to ensure that the response to recommendations by their organisations is tracked and reported on regularly to their management advisory committee. This action should also apply to cross-departmental review recommendations. In addition, when reporting on progress, copies of reports should be sent to the lead department with responsibility for the cross-

departmental review, to enable it to provide an overview of progress with regard to the implementation of recommendations. Also, relevant Oireachtas committees should be sent copies of completed cross-departmental expenditure review reports, and be facilitated if they request subsequent information on progress with regard to the implementation of recommendations. Consideration should also be given to means of ensuring a more direct link between the cross-departmental reviews and expenditure decisions arising from the budgetary process.

Introduction

1.1 Background and terms of reference for the study

The expenditure review initiative (ERI) was launched by the Department of Finance in May 1997. The intention is to promote systematic analysis of what is actually being achieved by government spending.¹ Guidelines issued by the Department of Finance in 1997 at the start of the process state that areas of expenditure that cut across departmental boundaries should be included in the review process.

The Office of the Comptroller and Auditor General conducted a value for money study of the ERI in 2001. On the issue of cross-departmental reviews, the study found that: 'In practice very few, if any, cross-cutting reviews were carried out in the period 1997-2000' (Office of the Comptroller and Auditor General, 2001). The C&AG recommended that a comprehensive strategy for the development of the ERI be put in place, including the need to review key strategic results areas and cross-cutting issues.

Also in 2001, partly in response to the C&AG study and also as part of its ongoing assessment of the ERI, the Expenditure Review Central Steering Committee (ERCSC) charged with overseeing the ERI looked at the ERI process and made a number of recommendations to government. Consequently, in June 2001 a government decision issued on the future of the ERI and a number of changes to the process were agreed. As part of the new approach, the Minister for Finance proposed that a number of cross-departmental reviews be included in the next phase of the process. In this context, the government noted that some of the principal problems that must be addressed are multi-faceted and are addressed by more than one programme. Poverty, long-term unemployment, drugs, homelessness,

topics to be examined under the banner of cross-departmental reviews were to be selected following consultation by the ERCSC with departments and offices.

The ERCSC decided that, initially, it would be preferable to undertake a small number of pilot cross-departmental reviews with a view towards designing systems for and approaches to such reviews that would be capable of being mainstreamed across departments and offices. Departments and offices were asked to suggest topics. In May 2002, as part of its general discussion on the expenditure review process, the government approved the following two topics for review, with nominated lead departments:

- Cross-departmental expenditure review of supports for the long-term unemployed (Department of Enterprise, Trade and Employment)
- Cross-departmental expenditure review of the government's strategy for road safety 1998-2002 (Department of Transport).²

The CPMR was asked to provide a review of the lessons learned from the pilot exercises and to develop practical guidelines for the future practice of cross-departmental reviews.

1.2 Report structure

Chapter 2 provides a brief history of the two pilot cross-departmental reviews. Chapter 3 gives an overview of the main findings from the reviews. Finally, Chapter 4 highlights the main issues arising and suggests ways forward for the conduct of cross-departmental reviews in the future.

Brief history of the pilot cross-departmental reviews

2.1 Introduction

The initial timescale for the pilot cross-departmental reviews envisaged their commencement in October 2002 with a view to their completion in 2003. In practice, the reviews were not completed until the end of 2005. Given this substantial delay, which in many ways is the main issue that needs addressing if future cross-departmental reviews are to be a worthwhile element of the ERI, it is important to understand the history of the reviews and hence the reasons for the delays.

2.2 Cross-departmental expenditure review of public supports for the long-term unemployed

The designated lead department for this pilot review was the Department of Enterprise, Trade and Employment (DETE). Other departments and agencies on the steering committee for the review were: Arts, Sport and Tourism; Community, Rural and Gaeltacht Affairs; Education and Science; FÁS; Finance; and Social and Family Affairs. An initial meeting between the DETE and the ERCSC secretariat took place in July 2002 to discuss the nature and the resourcing of the review in broad terms. Staffing changes in the section of the department with main responsibility for the review were outlined as a factor that could cause delays to starting the project. A new principal officer and assistant principal took up position in September 2002. As well as the review, the new staff were assigned other new responsibilities. These other responsibilities involved a significant amount of work of an urgent and ‘fire-fighting’ nature.

Resourcing the review, both in terms of allocating personnel to work on the review and in terms of financing the review were raised as problematic issues by the department with the ERCSC. In a letter to the Secretary

General of DETE from the Second Secretary General, Public Expenditure Division in the Department of Finance, sent in November 2002, it was noted that the resource demands would be likely to be above and beyond those arising in a 'standard' expenditure review, and that dedicated resources would need to be committed by DETE for a period of time. Suggestions were also made in the letter to use the steering committee for the review to help determine the level of support from sources outside the department that might be forthcoming, and that consideration might be given to making an application to the Change Management Fund to help resource the review.

A further complicating factor in progressing the review was that at the same time (Autumn 2002) the same people envisaged as steering the cross-departmental review and undertaking much of the work were involved in work for the Cabinet Sub-Committee on Social Inclusion reviewing the Community Employment scheme. This policy review was a government priority, to be completed by June 2003. After some discussion about how the cross-departmental review might proceed alongside the policy review, with which there is a degree of overlap, it was agreed in December 2002 that the cross-departmental expenditure review would be a parallel but separate review, starting in January 2003, with a high level steering committee which would largely be composed of the same people steering the Community Enterprise scheme review.

Subsequently, work began in DETE in January 2003 on (a) drafting terms of reference for the cross-departmental review and (b) drawing up a draft questionnaire to obtain information on publicly funded supports for the long-term unemployed from departments providing such supports. Establishing a steering committee took some time. The first meeting of the steering committee took place in March 2003 to agree the terms of reference and the questionnaire. The questionnaire subsequently issued to departments in May 2003. By September 2003, returns had been received from all but one department. However, some of the staff initially working on the review had been lost due to re-assignment

At this stage (September 2003) it was envisaged that a consultant would be recruited to assist in the analysis of the findings of the completed questionnaires. But delays in finalising returns from some departments and competing pressures of resources including the impact of Ireland's EU presidency and initial planning for decentralisation meant that monies allocated for this purpose were reallocated for use elsewhere. In December 2003 the Secretary General of DETE met with the ERCSC and, in the light of developments, agreed a revised completion date of end 2004. The department sourced and assigned a dedicated resource in its planning unit to accelerate progress regarding outstanding questionnaire returns, and by February 2004 an ad hoc working group composed of the main stakeholders met.

Limited progress was made on the review up to the summer of 2004. At this stage, DETE agreed with the Department of Finance that a student of the CMOD/IPA masters programme in policy analysis would be released to work on the review. The dedicated assistant principal started work on the review in August 2004. The review was subsequently completed in November 2005.

2.3 Cross-departmental expenditure review of road safety

The designated lead department for this pilot review was the Department of Transport (DT). Other departments on the steering committee for this review were: Education and Science; Environment, Heritage and Local Government; Finance; Health and Children; and Justice, Equality and Law Reform. An initial meeting was held between the DT and the ERCSC secretariat in October 2002 at which the department indicated that it was not in a position to carry out the review within existing resources, and that this was an issue the steering committee would need to address. Draft terms of reference for the review were prepared in October 2002. A letter was sent to the Secretary General of DT from the Second Secretary General, Public Expenditure Division in the Department of Finance in November 2002

steering committee and the Change Management Fund as potential resourcing options (essentially the same letter as was sent to DETE – see 2.2 above).

At the same time as the cross-departmental review was being planned, the development of policy objectives for a road safety strategy for 2003 and beyond was in the process of preparation, as was the introduction of penalty points, absorbing time and capacity of the section in DT which has the main responsibility for managing the cross-departmental review. The development of this new road safety strategy and the introduction of penalty points were significant government priorities.

Because of the pressure of work with the road safety strategy and penalty points, it was not until May 2003 that an initial meeting of the steering committee to oversee the cross-departmental review was called. As with the DETE experience, establishing the steering committee took some time. At this meeting, the terms of reference were agreed, as were an outline work programme for the review and a questionnaire to issue to departments with an involvement in the delivery of elements of the government strategy for road safety. The questionnaire was issued to departments in June 2003. As at September 2003, relatively few returns had been received from departments.

An effort was made to re-energise the review in November 2003 with a meeting of the steering committee organised by the Department of Finance. Given the need to secure resources to actually carry out the review, the agreed approach was to work with the National Roads Authority with a view to engaging a consultant to carry out an analysis of the returns received from agencies in response to the questionnaire. The National Roads Authority subsequently appointed consultants to analyse the data. Some data were outstanding, and the consultants liaised directly with the relevant departments to fill the gaps. This delayed the process somewhat, and the consultants produced a first draft report at the end of 2004. Further delays and also inter-departmental discussions on the report contents meant that the final version of the

2.4 Conclusions

Eight years after the Expenditure Review Initiative started, and over four years after a government decision that cross-departmental expenditure reviews should be carried out, the first two pilot cross-departmental expenditure reviews have been completed. This delay occurred despite the willingness in principle of the departments involved to participate in the reviews; and despite the continuing involvement of the Department of Finance/ERCSC in terms of encouraging and facilitating progress. The reasons for the delays in the process are examined in detail in Chapter 4, where ways of avoiding similar problems in the future are discussed.

Overview of review reports and findings

3.1 Introduction

In essence, there are four main issues that a cross-departmental expenditure review might be expected to address, focusing particularly on five main evaluative criteria³:

- Identification of the **rationale** for the programmes under scrutiny, and the rationale for the totality of expenditure in the area under scrutiny.
- Determination of programme expenditure levels. Here, the focus is on determining the resources allocated, both to the individual programmes and overall to the area under scrutiny. This information forms the basis for enabling assessments to be made about the **economy** of operation of the programmes under investigation.
- Assessment of programme performance. This involves investigating delivery mechanisms and outcomes. This step enables questions of **efficiency** and **effectiveness** to be addressed, when the information is combined with the programme expenditure information. It is also here that limitations in the database should be explored, and recommendations made as to new performance indicators and other evidence needed to facilitate more informed judgements of performance in the future.
- Synthesis and overview of information collected. This step concerns the making of judgements as to the relative effectiveness of programmes compared to the overall desired outcomes, and resource allocation decisions. The main focus here is on examining the **continued relevance** of the programmes reviewed, in the light of changing social and economic circumstances – how well they work together to achieve

The engagement of the pilot cross-departmental reviews with these issues is outlined below.

3.2 Identification of rationale

Both pilot reviews address the rationale issue. The *Supports for the Long-Term Unemployed* review is strong in identifying the justification for individual programmes examined. It is less strong in explicitly examining the overall rationale or rationales for the range of programmes under scrutiny. This is influenced by the fact that there was no pre-existing overarching strategy behind supports for the long-term unemployed. The *Road Safety* review, conversely, had an existing high-level strategy and is strong in examining the higher level rationale in terms of road accident fatality prevention and four supporting targets of reducing speeding, increasing seat belt wearing, reducing fatal accidents occurring during the hours of darkness and implementing road engineering accident reduction measures at specific locations. These targets were explicitly set out at the start of the strategy. The *Road Safety* review is less strong in identifying the rationale of individual measures.

3.3 Determination of programme expenditure levels

One of the main strengths and benefits of the pilot cross-departmental reviews is that they manage to pull together information on expenditure for the areas under scrutiny that had not been available before in a comprehensive manner. Indeed, the *Road Safety* review report notes that a major drawback of the initial road safety strategy from a performance monitoring perspective is that, at the level of strategy as a whole, no overall budget was established. With regard to ex-post assessment of expenditure, this difficulty was particularly pronounced with regard to the enforcement area, where no ex-post estimate of expenditure is available. A key recommendation of the review report is that future road safety strategies be accompanied by explicit budgets.

With regard to the *Supports for the Long-Term Unemployed* review, figures are pulled together on trends in

expenditure on supports for the long-term unemployed, compared to trends in numbers of long-term unemployed, and the breakdown of these figures between employment schemes, job search and guidance services and education and training. These expenditure levels highlight considerable variation between distribution of expenditure and participation rates for the various supports.

3.4 Assessment of programme performance

Both review reports attempt to assess the performance of programmes and measures. Data deficiencies caused difficulties with this exercise. The *Road Safety* review report, as mentioned above, notes a significant difficulty with regard to providing input indicators from which to make judgements about performance. The *Supports for the Long-Term Unemployed* review report notes that there are large performance areas for which no results are recorded.

Despite these difficulties, both pilot review reports provide useful analysis and comments about performance. For example, the *Supports for the Long-Term Unemployed* review report highlights differences in progression rates to employment or further education between programmes where such data are available. The report also examines the net cost per positive progression and enables comparisons to be drawn across programmes in this respect. The *Road Safety* review report makes a good attempt to assess the impact of the overall road safety strategy on fatalities. The report also estimates benefits arising from pursuit of the support targets associated with speed reduction, seatbelt wearing, night time fatal accidents and road engineering measures.

With regard to the data deficiency issues mentioned above, a key potential contribution of the pilot cross-departmental expenditure reviews is that they point towards the development of new performance indicators that would allow a more comprehensive assessment of performance in the future. Both reports are strong in this regard. The *Supports for the Long-Term Unemployed* review report identifies existing gaps and suggests new

investigated. If implemented, these new indicators would go a long way towards enabling more effective assessment of individual programmes and comparison of performance results across programmes. The *Road Safety* review report recommends that performance indicators for the new road safety strategy should encompass not only objective measures of enforcement levels, but also subjective assessments of road users' perceptions and beliefs.

3.5 Synthesis and overview of information collected.

In all, this is probably the weakest aspect of the pilot cross-departmental reviews. With regard to the *Road Safety* review, the steering group's terms of reference included the examination of a possible re-prioritisation of road safety policies and measures. But this did not form part of the consultant's remit in producing the review report. Hence the issue of re-prioritisation of measures or programmes in the light of findings is not raised in the review report. The initial intention was that the report should have fed into the creation of the new road safety strategy 2004-2006 (published in September 2004) and that the steering committee may have considered re-prioritisation in that context. But given the actual timing of events, while the findings of the review report did not result in re-prioritisation of road safety measures being necessary, it is the intention of DT that the report's findings will play a part in informing the next road safety strategy – work on which will commence in 2006.

While the main emphasis of the *Supports for the Long-Term Unemployed* review report is on reviewing individual programmes and their performance, the report does take an overview of the programmes under consideration. In terms of re-prioritisation, the report recommends that no new entrants be accepted to the job incentive scheme and the revenue job assist scheme, hence leading to their ultimate discontinuance. The report also recommends that funding should be increased for training and education programmes and that the training element of employment programmes should be significantly increased.

Issues arising and ways forward

4.1 Introduction

In terms of learning lessons from the pilot cross-departmental review experience, the main issue of concern is the length of time the process has taken to complete. In looking at why it has taken so long to get the reviews conducted it is important to highlight 'systemic' factors rather than 'one-off' contributory factors. There is little that can be done about 'one-off' factors and the impact they have. Also a pilot programme of the nature of these first reviews is likely to be subject to some delays due to the innovative nature of the initiative. Of more concern are the systemic factors that lead to delays in the carrying out of cross-departmental expenditure reviews. Three particular factors emerge from experience to date:

1. *The effect of other government priority projects on the conduct of the cross-departmental reviews.* The Community Enterprise scheme policy review and other urgent priorities impacted on the *Supports for the Long-Term Unemployed* review, and the development of a new road safety strategy impacted on the *Road Safety* review. These other priorities took precedence in terms of resource availability.
2. *The establishment and oversight of steering committees.* In some instances, other departments were slow to respond to invitations to participate in the steering committee for the review.
3. *The absence of agreed, dedicated resources* (both personnel and financial) from the start of the review process led to lengthy discussion as to how to resource the cross-departmental expenditure reviews. Changes occurred in the personnel dedicated to the reviews, which of themselves increased the delays with new people needing to familiarise themselves with the

In addressing these factors contributing to delay, there are two main issues that would seem to be in need of attention in any future development of the cross-departmental expenditure review initiative: prioritisation of the reviews (addressing points 1 and 2) and resourcing of the reviews (addressing point 3). Other issues of importance examined in this chapter are: setting terms of reference for cross-departmental reviews, methodological approaches to conducting cross-departmental reviews, and progressing recommendations arising from cross-departmental expenditure reviews.

4.2 The prioritisation of cross-departmental expenditure reviews

While there was commitment to the conduct of the pilot cross-departmental expenditure reviews from the sponsors in DETE and DT, in practice this commitment at times has had to take second place to other government priorities. Similarly, other issues taking precedence can affect commitment to the reviews by other departments involved in the review process, as is illustrated by the slowness of some departments to make returns to information requests and to participate in the steering committees. To some degree, the reviews tended to be seen by participating departments as reviews of the lead departments rather than as genuine cross-departmental reviews.

In terms of thinking how cross-departmental expenditure reviews might receive higher priority in the future, approaches to ensuring reviews which should receive priority include:

- *Formal notification of priority.* In this context, the listing of participation in cross-departmental reviews in the statements of strategy and business plans of all participating departments is important (as suggested for reviews generally by the ERCSC [in Department of Finance, 2004]).
- *Sign-off on terms of reference and resourcing.* The secretaries general of all departments concerned should

be asked to sign-off on the terms of reference and on the resources they intend to make available to the review. In addition, secretaries general could be asked to sign-off at key stages in the review.

- *Report sign-off by all participants.* As things stand, the secretary general of the lead department signs off each cross-departmental review report. Consideration should be given to having cross-departmental reviews signed off by the secretaries general of all participating departments.
- *Political oversight.* The choice of topics for cross-departmental reviews should be a matter for specific government decision. Copies of completed review reports should be forwarded to the relevant Oireachtas committees when completed. Committees should also be facilitated if they request subsequent information on progress with regard to the implementation of recommendations.

4.3 Resourcing cross-departmental expenditure reviews

The staffing and financing of the pilot cross-departmental expenditure reviews has been an ongoing problem and has generated significant discussion between the lead departments for the review and the ERCSC. The approach that has emerged in each review is that staff in the lead department have been allocated primary responsibility for ensuring the review is carried out (in conjunction with other ongoing and often urgent duties). Money from the consultancy budgets of the lead departments has been made available to help finance analysis of data gathered for the review from participating departments. Each lead department has also received offers of support from the Change Management Fund for matching funding for the external analysis.⁴ In the case of the *Supports for the Long-term Unemployed* review, an assistant principal undertaking a CMOD sponsored masters programme in policy analysis was ultimately assigned to conduct the analysis of the data and draft the review report. In the case of the *Road Safety* review, external consultants were appointed to undertake the analysis and draft the review report.

If resourcing of the cross-departmental reviews is not to continue to be an issue into the future, then consideration needs to be given to ensuring that there is clarity from the initiation of an individual review as to how it is to be staffed and financed. A number of options are possible based on current and international experience (see Annex 1):

- The lead department for the cross-departmental review can take sole responsibility for staffing and financing the review, with other departments on the steering committee simply playing an oversight role. This may or may not involve contracting out of the conduct of the review analysis to consultants. The danger here is that such an arrangement does not solve the type of problems encountered in the pilot cross-departmental reviews.
- Participating departments in the steering committee can pool resources (both personnel and financial) to jointly resource the cross-departmental review. Again, analysis may be done either through consultants or staff assigned to the review from participating departments. Experience from the pilot projects indicates that such commitments will need to be clearly established at the start of the process, with sign-off by the secretaries general of the participating departments (as recommended in section 4.2).
- A central pool of resources could be made available to provide support for cross-departmental reviews. With regard to this option, it should be noted that the ERCSC welcomed the decision by the Department of Finance to bring about a gradual integration of the NDP/CSF evaluation unit into the ERI (Department of Finance, 2004). The report on this issue specifically notes that: 'The focus of the integrated unit will be to strengthen the central evaluation resource available to departments/offices and to support the carrying out of reviews of a cross-departmental nature'. The NDP/CSF evaluation unit has experience in carrying out and commissioning evaluations of a cross-cutting nature.

Whichever option is chosen, what is important is that all the key stakeholders in the cross-departmental review are aware from the start of their resource commitments and are willing to ensure that these commitments are adhered to. Some mixture of the options is also possible, with either of the first two options being facilitated by a central resource that could be brought in to provide expertise at a particular stage or to conduct a particular piece of analysis for the cross-departmental review. The issue of appropriate methodological expertise more generally is discussed in section 4.5.

4.4 Terms of reference for cross-departmental expenditure reviews

While each individual cross-departmental review will have its own specific terms of reference, there are common issues that most cross-departmental reviews would be expected to address. Just as there are generic terms of reference provided by the Department of Finance as a guide for departmental expenditure reviews, it is helpful to have generic terms of reference for cross-departmental reviews. On the basis of experience with the pilot exercise and international experience (see Annex 1) items to be included in generic terms of reference are:

- identify common agreed objectives, results and strategies
- map the existing expenditure levels and trends in expenditure
- outline the structures and processes used to manage and report on expenditure
- assess the efficiency and effectiveness of contributory programmes and the extent to which information is being used to track and improve performance
- make recommendations as to the development of future performance indicators and information requirements
- make recommendations as to absolute and relative shifts in expenditure in order to achieve desired

4.5 Methodological issues associated with conducting cross-departmental reviews

The evaluation of cross-departmental expenditure poses particular methodological problems. Taking the evaluation of road safety as an example, the basic building block is at the level of individual measures, such as breath testing and safety education campaigns. Individual departments or agencies often run individual measures, but measures may themselves involve joint working. Furthermore, individual measures may feed into one or more programmes, such as enforcement or education programmes. These programmes often involve more than one department or agency. Programmes in turn may interact with each other (for example educational initiatives reducing the need for enforcement), and ultimately combine under the desired over-arching strategy, in this case an improvement in road safety.

Often, the building block for review of cross-departmental programmes and strategies is the evaluation of individual measures. But separate evaluations of individual measures, which by their nature are likely to be distinct and different from each other, in practice often tell us very little about how cross-departmental programmes and strategies as a whole are working. As noted by the European Commission (1999), frequently: ‘...it is not possible to justify recommendations for the reallocation of budgets between measures because there is no argument showing that one measure is more effective or successful than another’. This is an issue encountered by the two pilot cross-departmental reviews.

The European Commission (1999) also highlights further difficulties in drawing overall conclusions about programmes and strategies from an assessment of individual measures. They note that a commonly used comparator is the speed at which implementation of a project proceeds and its draw down of resources in particular. In the absence of other information, this indicator is often used when reallocating budgets. But while this tells us that a measure is good at using the

Sometimes this information may be complemented by information on the attainment rate of measure level objectives. But the degree of challenge of the objectives of measures may vary significantly. Some measures may have objectives that are stable and relatively easy to achieve. Other measures may have more difficult, complex or innovative objectives, and should not necessarily be penalised in comparison to the former. Making judgements about cross-departmental expenditure programmes and strategies is a difficult and challenging task.

In this context, from a methodological perspective, it is important that the methodologies used in carrying out cross-departmental reviews include an element of synthesis across measures and programmes to allow an overview of resource allocation and potential reallocation decisions to be considered. Annex 2 outlines some potential methodological approaches that could be applied in the conduct of cross-departmental expenditure reviews.

Given these methodological issues, cross-departmental reviews by their nature are often likely to need specialist expertise that may not be available in line divisions in departments. In terms of the resourcing issue discussed in section 4.3, departments may need to access particular expertise either centrally held (for example within planning units or the Department of Finance) or externally contracted. Such expertise should be seen as complementary to, and not a substitute for, the involvement of local management in reviews.

4.6 Progressing recommendations

As the pilot review reports had only been recently completed at the time of this study, it is not possible to comment on the implementation of recommendations. However, it is likely that cross-departmental reviews will pose particular challenges in terms of tracking the implementation of recommendations. Unlike many standard expenditure reviews, recommendations are not solely a matter for one department. For example, the recommendations in the *Supports for the Long-Term Unemployed* review are directed

Employment; Education and Science; Health and Children; and Social and Family Affairs.

For standard expenditure reviews, it is recommended that departments put in place systems to ensure that the response to recommendations by their organisations is tracked and reported on regularly to their management advisory committee. This action should also apply to cross-departmental review recommendations. In addition, when reporting on progress, copies of progress reports should be sent to the lead department with responsibility for the cross-departmental review, to enable it to provide an overview of progress with regard to the implementation of recommendations. Also, relevant Oireachtas committees should be sent copies of completed cross-departmental expenditure review reports, and be facilitated if they request subsequent information on progress with regard to the implementation of recommendations.

Consideration should also be given to means of ensuring a more direct link between the cross-departmental reviews and expenditure decisions arising from the budgetary process.

International experience

1. Background

Perhaps surprisingly, despite the profile given in recent years in many administrations to the management of cross-cutting issues, there is little evidence of many systematic attempts to evaluate cross-departmental issues. An OCED paper (Perrin, 2003) notes that 'despite attempts to provide for more of a whole-of government focus ... this issue nevertheless remains problematic'.

Perhaps the most systematic attempt at cross-departmental reviews has taken place in the UK. As part of the bi-annual spending review co-ordinated by the Treasury, a number of cross-cutting reviews have been included in the spending review process since 2000. In Scotland, the Finance Committee of the Scottish Parliament carried out two cross-cutting reviews in 2002. In both the USA and Canada, some steps have been taken to improve the management of cross-cutting issues, including the evaluation of cross-cutting programmes.

2. What kind of topics are being reviewed or being considered for review?

Many, if not most, tasks and challenges faced by governments do not fit neatly within departmental boundaries, but call for cross-departmental, cross-agency co-operation. Nonetheless, it appears that certain topics have been more likely to be selected as topics for cross-departmental reviews. Many reviews have examined areas relating to social policy (such as children's social and education rights, health, disability issues, and the role of the voluntary sector).

In the UK, the 2002 Spending Review involved cross-cutting reviews of:

- children at risk
- improving the public space
- role of the voluntary sector in delivering services
- public sector labour market
- science and research
- services for small businesses
- tackling the causes of health inequalities.

In March 2002, the Finance Committee of the Scottish Parliament selected

- children in poverty and
- the funding of the voluntary sector

as subjects of cross-cutting expenditure reviews.

In Canada, the Office of the Auditor General (2000) carried out case studies of horizontal issue management in the following areas:

- family violence initiative
- Government of Canada disability agenda
- Canadian rural partnership.

3. The management and conduct of reviews

In the UK, there is strong political direction in the conduct of cross-cutting reviews carried out as part of the bi-annual spending review. Ministers from the relevant government departments normally oversee the review, with a lead minister being appointed to chair the review. The lead minister's role is to co-ordinate work with colleagues across government and with other stakeholders. Below this ministerial level, management of the cross-cutting reviews tends to be overseen by an official level steering group comprising civil servants and external representatives. For example, in the case of the cross-cutting review on the role of the voluntary sector in the delivery of public services, an

Permanent Secretary, included representatives from the main departments with an interest in the review, relevant central units such as the Treasury and Policy and Innovation Unit, and external representatives from the voluntary and community sector and local government associations. Below this steering group level, the actual conduct of the reviews has tended to be carried out either by a small review team drawn from the main stakeholders, or working groups addressing specific topics, with membership being determined by the topic under scrutiny.

In Scotland, conduct of the two cross-cutting reviews carried out in 2002 is the responsibility in each case of a reporter group made up of committee members. Each reporter group is supported by an adviser (in both cases university professors with an interest in the topic under scrutiny). The adviser has overall responsibility for the management of the review, including the identification of information and data, suggesting potential areas of research, identifying witnesses, drafting lines of questioning for evidence-taking sessions and drafting the final report. Research for the reviews is commissioned from established panels of potential researchers. A number of organisations with a stake in the area under review are also appointed as consultants, with whom formal consultation is required as part of the review process.

An initial assessment of the Scottish experience by the clerk to the Finance Committee found: (a) the concept of the reporter group has a number of practical disadvantages, such as difficulties in securing attendance outside of committee meetings, and recommended that future reviews be conducted by the whole committee as a part of its formal work programme; (b) that the adviser role works overall and should be retained; (c) that the concept of a panel of researchers be retained but that advisers be tasked with identifying the research requirements to be commissioned at the earliest possible date; and (d) that the consultee role did not work well and recommended that the role of appointed consultees be discontinued. This does not preclude informal contacts or the more formal involvement of interested organisations at the submission stage (Finance Committee, 2002).

A further interesting element of the Scottish experience is the establishment of research pools of funding from which the advisers can commission individual pieces of research from researchers on the research panel. Each review had a research pool of £30,000 (€42,000). The research is managed and incorporated into the final review report by the advisers.

4. Determining the scope of the reviews - establishing terms of reference

While the terms of reference for cross-cutting reviews clearly have significant differences, as they are tailored to the topic under scrutiny, it is possible to identify some common themes which run through the UK cross-cutting reviews undertaken as part of the spending review process:

- An emphasis on mapping the existing resource base to identify patterns of expenditure and the effects to date, including obstacles to progress.
- The need to draw lessons, identifying good practice and recommend the matching of resources with identified needs and priorities.
- The development of an improved evidence base for future monitoring and evaluation, including appropriate performance indicators.

An illustrative example of terms of reference for the cross-cutting review on health inequalities is given in Table 1.

*Table 1**Terms of reference of the Cross-Cutting Review on Health Inequalities***Terms of Reference**

In support of the Government's objective of narrowing the health gap in childhood and throughout life between socio-economic groups and between the most deprived areas and the rest of the country; and in particular to help ensure that the Government delivers its national health inequalities Public Service Agreement (PSA) targets for life expectancy and mortality of children under one year.

1) Developing the evidence base

- building on consultation currently being undertaken by the Department of Health, to collate and evaluate the available evidence about the contribution that high quality public services across central and local government can make to tackling the causes of health inequalities;
- to establish a map of available resources and public services that will help tackle the causes of health inequalities;
- to identify the main obstacles arising from existing patterns of resourcing and service provision to delivery of the PSA health inequalities targets;

2) A strategy for delivery

- in the light of the evidence base, to develop a cross governmental strategy for tackling the causes of health inequalities, that will help ensure delivery of the PSA targets;
- to make recommendations as necessary for better matching existing resources, and any proposed changes in departmental baselines in relevant areas, to health need in the National Health Service and across government;
- to establish a basket of indicators for monitoring progress against the PSA targets.

Also of interest in helping define the scope of cross-cutting reviews is a framework for managing horizontal issues developed by the Office of the Auditor General of Canada (2000). While not developed as terms of reference for cross-cutting reviews, the framework highlights issues that a cross-cutting review might address. There are five elements to the framework:

- identifying an effective co-ordination structure
- agreeing on common objectives, results and strategies
- measuring results to track performance
- using information to improve performance
- effectively reporting performance.

It is possible to envisage a cross-cutting review asking to what extent each of these elements is being achieved in practice.

5. Outcomes of the reviews

There is limited documented evidence about the outcomes arising from the cross-cutting reviews carried out. The UK cross-cutting reviews have been carried out in a context of increasing public expenditure. This has enabled the reviews to by and large target new expenditure at issues identified. Another main focus of the reviews has been the identification of improved management practices and structures needed to facilitate better co-ordination of activities between departments and agencies.

There is some evidence of re-allocation/prioritisation of resources taking place as well as just increasing expenditure. For example, the cross-departmental review of illegal drugs carried out as part of the 2000 spending review recommended a re-balancing of expenditure within an overall growing budget. Expenditure on reducing availability of drugs, for example, was recommended to fall from 51 per cent of the total investigated to 38 per cent over a four year period, while drug treatment was recommended to rise from 34 per cent of the total under scrutiny to 40 per cent (HM Treasury 2000).

6. Themes/issues emerging

A number of themes/issues emerge from this brief review that may be of interest to the future development of the Irish cross-departmental expenditure review process:

Political engagement/oversight

The degree of ministerial involvement (often at junior minister level) with cross-cutting spending reviews in the UK is noticeable. In the Scottish case, the Finance Committee of the Scottish Parliament takes responsibility for the cross-cutting reviews. This ministerial involvement gives a prioritisation to the reviews.

Link to the wider budgetary process

In the case of the UK cross-cutting reviews carried out as part of the bi-annual spending review exercise overseen by the Treasury, the reviews are directly carried out as part of the budgetary process. Spending reviews set fixed three-year departmental expenditure limits and, through public service agreements, set out expected improvements in services. The cross-cutting reviews therefore are clearly linked to expenditure decisions made as part of the budgetary process.

Use of outside expertise

Steering groups and working groups involved in delivering cross-cutting reviews in the UK sometimes make use of outside expertise in the delivery of the review report. For example, the cross-cutting review on health inequalities was supported by prominent academics in the health inequalities field. Similarly in the Scottish case, the advisers played a key role in managing the review and drafting the reports. The advisers in turn are supported by academics brought in to address particular topics.

Resourcing the reviews

Cross-cutting reviews, by their nature, are often on a larger scale than individual programme expenditure reviews. The resources attached to cross-cutting reviews also tend to be

commensurately larger. Steering groups and working groups for the cross-cutting reviews tend to involve large numbers of people, including key stakeholders from relevant departments and outside organisations. Dedicating resources to the review can be a challenge. In Scotland, the establishment of the research pool for each cross-cutting review ensures a guaranteed level of support for the production of the review, as does the funding of the adviser posts.

Establishing terms of reference

While each individual cross-cutting review will have its own specific terms of reference, there appear to be common issues that most cross-cutting reviews would be expected to address:

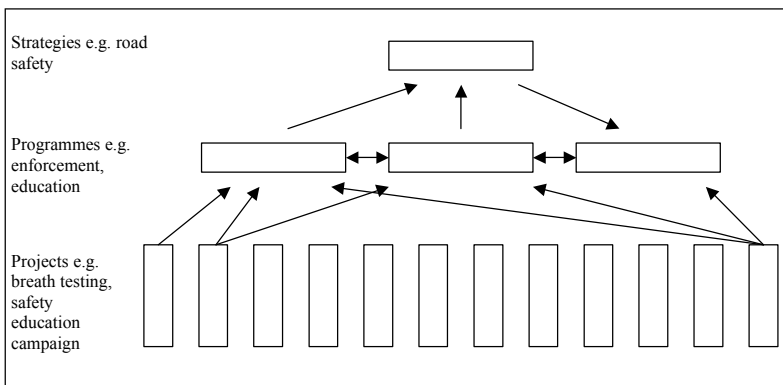
- identify common agreed objectives, results and strategies
- map the existing expenditure levels and trends in expenditure
- outline the structures and processes used to manage and report on expenditure
- assess the efficiency and effectiveness of contributory programmes and the extent to which information is being used to track and improve performance
- make recommendations as to the development of future performance indicators and information requirements
- make recommendations as to absolute and relative shifts in expenditure in order to achieve desired outcomes.

Methodological approaches

1. Background

The evaluation of cross-departmental expenditure poses particular methodological problems. Figure 1 illustrates some of the complexity and different levels of analysis involved with cross-departmental initiatives. Taking the evaluation of road safety as an example, the basic building block is at the level of individual projects, such as breath testing and safety education campaigns. Individual departments or agencies often run individual projects, but projects may themselves involve joint working. Furthermore, individual projects may feed into one or more programmes, such as enforcement or education programmes. These programmes often involve more than one department or agency. Programmes in turn may interact with each other (for example educational initiatives reducing the need for enforcement), and ultimately combine under the desired over-arching strategy, in this case an improvement in road safety.

*Figure 1: Cross-departmental expenditure:
levels of analysis*



Often, the building blocks for review of cross-departmental programmes and strategies is the evaluation of individual projects. But separate evaluations of individual projects, which by their nature are likely to be distinct and different from each other, in practice often tells us very little about how cross-departmental programmes and strategies as a whole are working. As noted by the European Commission (1999), frequently: ‘...it is not possible to justify recommendations for the reallocation of budgets between measures because there is no argument showing that one measure is more effective or successful than another’.

The European Commission (1999) also highlights further difficulties in drawing overall conclusions about programmes and strategies from an assessment of individual projects. It notes that a commonly used comparator is the speed at which implementation of a project proceeds and its draw down of resources in particular. In the absence of other information, this indicator is often used when reallocating budgets. But while this tells us that a project is good at using the resources at its disposal, it tells us little about impact. Sometimes this information may be complemented by information on the attainment rate of project objectives. But the degree of challenge of the objectives of programmes may vary significantly. Some projects may have objectives that are stable and relatively easy to achieve. Other projects may have more difficult, complex or innovative objectives, and should not necessarily be penalised in comparison to the former. Making judgements about cross-departmental expenditure programmes and strategies is a difficult and challenging task.

2. Addressing the challenges: using the logic model as an underlying framework

The logic model provides a powerful and useful tool for reviewing individual projects, and cross-departmental programmes and strategies. Starting at the level of the project, a logic model is both a graphical and word-based

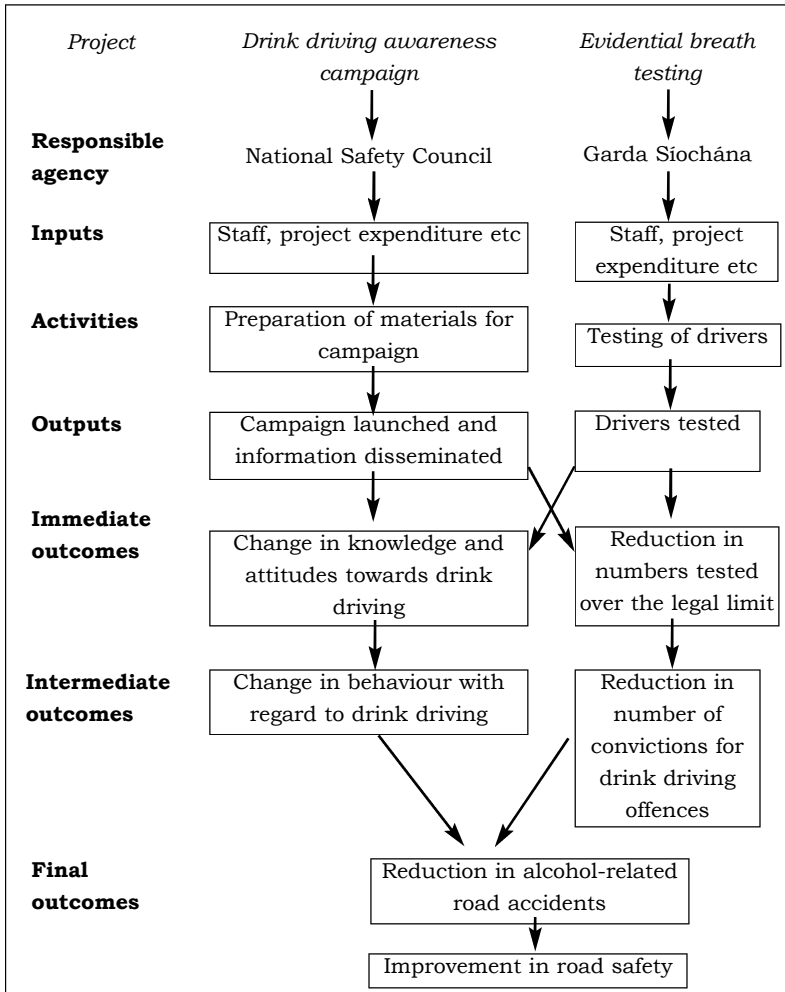
theory and assumptions underlying the project. The model sets out the resources allocated to the project, the activities needed to make the project work, and the expected outcomes of the project in the short, medium and long-term.

As an illustrative example, Figure 2 sets out a hypothetical and simplified project-level-based logic model for two projects aimed at reducing alcohol-related road accidents. The model sets out, for each project, how the project is intended to achieve the desired final outcomes. The agencies involved and the assumptions behind how the project is intended to operate are made explicit. In this case, the model also illustrates how both projects in practice aim to contribute towards shared desired outcomes. So, for instance, both the launch of the drink driving awareness campaign and the evidential breath testing of drivers are intended to lead to changes in knowledge and attitudes towards drink driving and a reduction in numbers tested over the legal limit. These immediate outcomes in turn are expected to lead to changes in behaviour with regard to drink driving and a reduction in the number of convictions for drink driving offences.

Logic models of this nature can be built up for all projects covered as part of cross-departmental programmes under scrutiny in a review. It should be noted that these models do not make the cross-departmental evaluation any simpler of itself. Getting the required information to test the assumptions made is likely to be challenging in many instances. Similarly, the model itself does not answer the question of the relative contribution of different projects to desired outcomes. In this illustrative example, for instance, the model does not tell you whether evidential breath testing or the drink driving awareness campaign is the more successful in leading to changing knowledge and attitudes with regard to drink driving. These issues are addressed in more detail in Section 3 below. But what the model does is make the assumptions explicit, and enable expected contributions of projects to individual or shared outcomes to be identified with some clarity. Information can then be

and gather evidence with regard to progress towards desired objectives.

Figure 2: Simple multi-project logic model



Useful resource material

Two sources that are particularly helpful in giving practical guidance as to how to develop logic models are:

United Way of America (1996), *Measuring Program Outcomes: A Practical Approach*, available from <http://national.unitedway.org/outcomes>

W.K. Kellogg Foundation (2001), *Logic Model Development Guide*, available from www.wkkf.org

A useful general source on the strengths and weaknesses of different methods for reconstructing theories underlying programmes is:

F.L. Leeuw, 'Reconstructing program theories: methods available and problems to be solved', *American Journal of Evaluation*, Vol. 24, No. 1, pp. 5-20

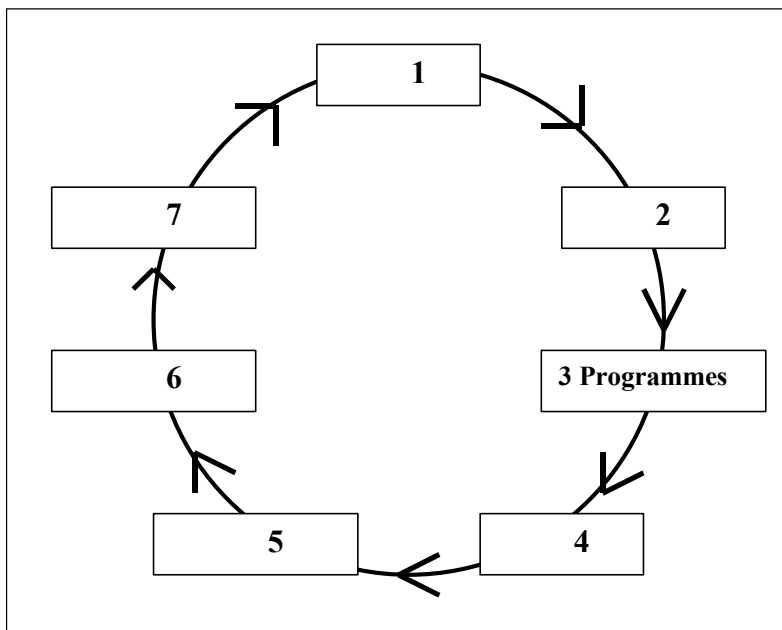
3. Some practical examples of methodological approaches

Two examples are identified here that show practical approaches to the review of cross-departmental expenditure. One is a demonstration study of outcome-based scrutiny from the USA; the other is an approach to developing a synthetic judgement about socio-economic programmes developed for the European Commission (1999).

3.1 Outcome-based scrutiny

Outcome-based scrutiny was developed by the Mercatus Center at George Mason University to identify how effective various federal programmes are in achieving their desired results (Ellig, McTigue and Richardson, 2000). One particular aim is to explore whether the reallocation of resources amongst programmes might lead to greater public benefits at lower costs. Outcome-base scrutiny is a seven-step process, as outlined in Figure 3

Figure 3: Seven step framework for outcome-based scrutiny



Source: Ellig, McTigue and Richardson, 2000

Step 1: Identify the issue and the intended outcome

This step is the equivalent of identifying the outcomes in the logic model. In the demonstration study, vocational training programmes are the focus of the scrutiny. The desired outcome is defined as to provide individuals with knowledge and skills that enhance their employability. This was chosen instead of reducing unemployment because many factors other than vocational training programmes influence unemployment. But at the same time, the focus on employability helps shift the focus away from the output of people participating in programmes, which tells you little about their benefit.

Step 2: Identify the agencies responsible for the outcome

This involves identifying the agency or agencies with

primary responsibility for the issue, and then identifying all other agencies whose activities impact on the outcome.

Step 3: Identify the projects and programmes responsible for the outcome

This step is divided into two. First, research and identify all publicly funded projects and programmes that may impact on the outcome. Next, sort the projects and programmes into those whose primary purpose is to affect the outcome and those that affect the outcome only as a side effect. The latter may be excluded from the scrutiny, as the main focus is on comparing projects and programmes that share a common primary purpose.

Step 4: Assess the performance of projects and programmes

Using relevant performance data gathered from annual performance reports and other sources, the intention here is to note the impact or the quantity of progress towards the outcome for each of the projects and programmes. The Mercatus Center proposes that the goal should be to place each project or programme into one of three categories: 'helpful', 'ineffective' or 'counterproductive'. Those projects labelled helpful can demonstrate a link to positive results, such as increased placement of participants in the case of vocational training programmes. Ineffective projects or programmes have no apparent or significant effect on the desired outcome. Counterproductive programmes actually hinder the people they are trying to help. Other rating scales may be envisaged (see Section 3.2), but the principle is to assess the performance of projects and programmes against the desired outcomes.

Step 5: Match the cost of programmes with the benefits

At this stage, financial information is added to the picture so that cost-benefit comparisons can be made between projects and programmes. This often involves calculating cost per unit of outcome produced, for example a training programme's total cost divided by the number of people who found jobs. Interpretation of the findings is crucial here.

For example, there may be ‘hidden’ costs that are not included, or the costs of providing assistance to target groups may vary because of their particular needs. But the principle is to be as transparent as possible about comparing costs with benefits.

Step 6: Estimate the effects of resource reallocation

Using the data collected in step 5, projects and programmes are ranked according to the benefit produced against the amount spent. This information is then used to estimate how resources might be reallocated to increase benefits to the public.

Step 7: Identify opportunities foregone under the status quo

This stage compares the public benefits of reallocation of resources (for example the number of placements possible if resources from youth projects are reallocated to the two most cost-effective youth projects) with the status quo situation (actual placements achieved by youth projects).

In summary, the authors claim four main benefits from outcome-based scrutiny:

- The reallocation of resources as funding shifts to the most cost-effective projects and programmes.
- Increased learning as less effective projects and programmes adopt best practices employed in more effective projects and programmes.
- Better agency incentives as effective projects and programmes receive increased funding and less effective projects and programmes are reformed or eliminated.
- A continuous improvement in transparency and accountability, as scrutiny reveals areas where performance reporting needs to be improved.

Useful resource material

The demonstration study of outcome-based scrutiny of vocational training programmes conducted by Ellig, McTigue and Richardson (2000) can be accessed via

3.2 Overall evaluation of socio-economic programmes

The European Commission (1999) outlines four steps for the evaluation of broad socio-economic programmes, each step having an associated technique:

1. Clarify the main expected impacts, using relevant programme documentation. The technique proposed here is to draw up a concept map of impacts. In practice, a concept map is broadly similar to the logic model. The concept map is used to specify explicit and implicit intermediate objectives in particular, and to facilitate the choice of appropriate indicators.
2. Choose the indicators, both quantitative and qualitative, to study the impacts. The technique proposed here is the construction of scoring scales. Scoring scales produce conclusions that lend themselves to comparison and aggregation, and can help in the writing up of the final synthesis of the evaluation. An example of a scoring scale is given in Figure 4, for the case of a mid-term evaluation of an urban development programme. This evaluation, carried out through case studies, produced a large number of qualitative conclusions about impacts. These conclusions were synthesised using the scoring matrix. In this case, measures can be compared column by column, for example the relative performance of different measures in terms of their impact on social integration. What the matrix does not facilitate is a comparison between columns – for such judgements multicriteria analysis is recommended (see step 4).
3. Gather information and analyse it to estimate impacts. The technique proposed here for analysing the synergy between measures is the use of a matrix of cross impacts. In general, the synergy between pairs of measures is assessed as either positive or negative, and as strong, average or weak.

Figure 4: Example of an impact scoring matrix in the case of an urban development programme

<i>Contribution of the measures to the production of expected impacts (score between 0 and 10)</i>	<i>Social integration</i>	<i>Employment</i>	<i>Balance between neighbourhoods within a town</i>	<i>Balance between towns in a region</i>
Urban development (average score for measures 1 and 2)	1	1	1	2
Infrastructure (average score for measures 3 to 8)	5	4	4	3
Collective social actions (average score for measures 9 to 14)	6	5	3	3
Personalised social actions (average score for measures 15 to 19)	8	6	2	2

Source: European Commission, 1999

- The evaluation is completed with the formulation of a synthetic judgement of the programme, in terms of the different impacts obtained. The technique put forward here is multicriteria analysis. Figure 5 presents a global score for an urban development programme, calculated by multiplying each score by its weighting and by adding the weighted scores, using the impact scoring matrix outlined in Figure 4. Based on weighted average scores, it is possible to classify measures in terms of their contribution to the overall success of the

programme. Clearly, the procedures used in the selection of weights and criteria are the key determinants in the validity of this approach. The European Commission recommends using the steering group for the evaluation to make these judgements.

Figure 5: Calculation of the global scores of measures

<i>Contribution of the measures to the production of expected impacts (score between 0 and 10)</i>	<i>Social integration</i>	<i>Employment</i>	<i>Balance between neighbourhoods within a town</i>	<i>Balance between towns in a region</i>	<i>Average weighted score</i>
Urban development (average score for measures 1 and 2)	1	1	1	2	1.2
Infrastructure (average score for measures 3 to 8)	5	4	4	3	4.1
Collective social actions (average score for measures 9 to 14)	6	5	3	3	4.4
Personalised social actions (average score for measures 15 to 19)	6	6	2	2	4.2
Weighting coefficient for criteria	35%	20%	20%	25%	100%

Source: European Commission, 1999.

In terms of applying this approach and techniques, the European Commission (1999) gives two alternatives, one a 'quick' approach and the second a more technically rigorous approach. The 'quick' approach is estimated to take around 15 to 40 person days longer to complete than an ordinary good quality evaluation not requiring a cross-project perspective.

Useful resource material

The MEANS programme volume from which the approach outlined here is taken is accessible via the European Commission website (<http://europa.eu.int>). An updated version of the MEANS programme is available online from the European Commission (www.evaled.info).

4. Developing performance indicators

One of the intended outcomes of cross-departmental expenditure reviews, as with ordinary reviews carried out under the Expenditure Review Initiative (ERI), is the production of performance indicators to enable judgements to be made about the performance of projects and programmes in the achievement of cross-departmental strategies. Given the wide and disparate range of organisations and activities involved in the provision of cross-departmental strategies, this can be a challenging task.

An illustrative example of what can be done is given by the development of a performance measurement and evaluation system for tracking programmes aimed at reducing illicit drug use, by the Office of National Drug Control Policy (ONDCP) in the USA (Murphy and Carnevale, 2001). A key point to be made up front is that the development of performance indicators in this system was seen as a long-term process. Even getting an initial system up and running was seen as a three-year task. In year one, working groups were used to identify performance targets and measures for the system. In year two, the focus was on designing and implementing an information management system to handle the data reporting requirements. Finally,

in year three, the system became operational, measuring progress towards the main performance targets.

The logic model provides the basis for the performance measurement system. The ONDCP's national drug control strategy identifies five broad goals aimed at reducing the use of illicit drugs. ONDCP staff constructed a logic model to link these five goals to thirty-two objectives. Interagency working groups were then set up to identify targets and performance indicators for each of the thirty-two objectives. Figure 6 provides an example of one small piece of the measurement system that emerged from this process. It shows the intended intermediate and final outcomes of a media campaign on drug use by youth, using the logic model to identify the outcomes. Quantifiable indicators can be identified for each of the outcomes. For some of these indicators, data may be readily available to provide information. For other indicators, no data may exist. In the latter case, steps can be taken to establish data systems to provide the required information. The logic model thus facilitates the development, over time, of relevant and appropriate performance indicators.

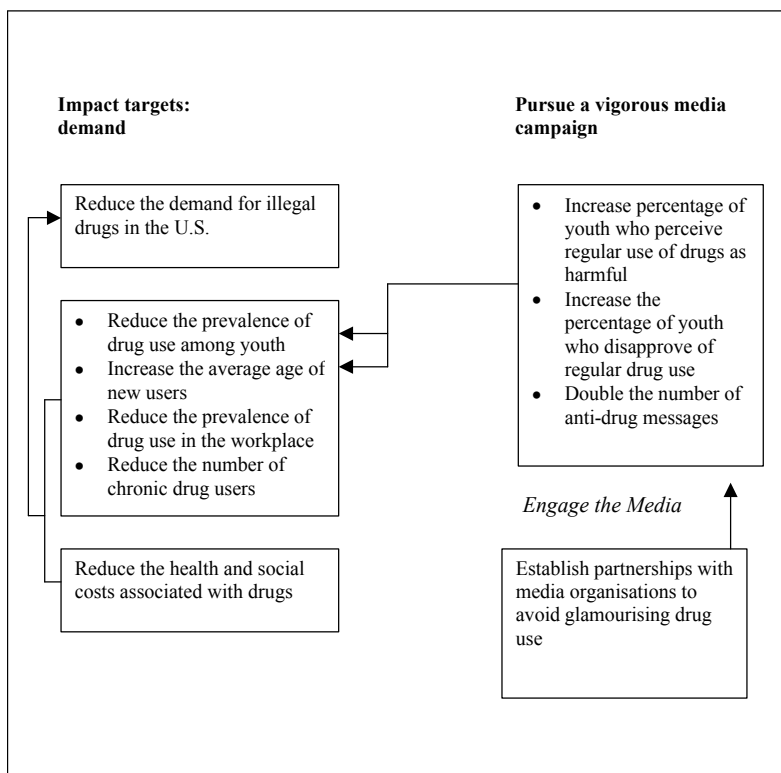
Useful resource material

The case study outlined here, concerning the development of a performance measurement and evaluation system for the tracking of programmes aimed at reducing illicit drug use by Murphy and Carnevale (2001) can be accessed through www.businessofgovernment.org

5. Realist synthesis: an alternative approach focused on the review of similar mechanisms rather than diverse programmes

So far, the emphasis has been on how to assess the performance of a wide range of projects and programmes that contribute to the success or otherwise of cross-departmental strategies. Pawson (2002a, 2002b), however, states that the collective evaluation of families of projects and programmes faces what may be insurmountable difficulties of comparing 'apples' with 'oranges', with the

Figure 6: Reducing drug use among youth: using a logic model to develop performance indicators



Source: Murphy and Carnevale, 2001

lessons learned being selective and partial. Pawson argues that the unit of analysis should be the programme theory, and that comparisons should only be made between interventions based on the same underlying mechanism. The approach he advocates for such analysis he terms realist synthesis.

So, for example, instead of trying to compare the effects of educational versus enforcement projects on road safety, according to Pawson's approach it would be better to try to compare similar types of project interventions such as 'naming and shaming', across a range of policy domains

Since it is 'programme mechanisms' that trigger change rather than 'programmes' as such, then it is much more sensible to base any systematic review on 'families of mechanisms' rather than on 'families of programmes'. This gives realist synthesis a completely different locus of comparison from the other methods of systematic review. The starting point is to refrain from tackling original evaluations that belong to particular 'families of interventions' (e.g. the 'n' means of tracking offender rehabilitation - 'incentives', 'probation', 'cognitive skills training', 'anger management' and so on). Rather, realist synthesis takes on 'families of mechanisms' (e.g. the same programme theory, say 'incentivization', implemented across the domains of health, education, crime, welfare, employment and so on). (Pawson, 2002b)

The realist synthesis approach is based on investigating the mechanism through which it is assumed that a project or programme works. An initial project or programme is reviewed to try to determine for which subjects and in which circumstances it has been successful and unsuccessful. The reviewer's task is to discover those contexts that have produced successful outcomes and those contexts that have caused failure. This review process is then repeated across other initiatives that have the same underlying mechanism, with a view to assembling the various permutations of success and failure. The emerging theories of how the mechanism works enable a better understanding of what works and in what circumstances.

Useful resource material

Pawson's work on realist synthesis is relatively recent. His two articles in *Evaluation* (Pawson, 2002a, 2002b) outline his proposed approach in some detail. The latter article (Pawson, 2002b) also contains a worked example of what a realist synthesis of the incentive mechanism might look like. Pawson has also carried out an embryonic review of

public disclosure ('naming and shaming'):

Pawson, R. (2001), *Evidence and policy and naming and shaming*, ESRC UK Centre for Evidence Based Policy and Practice, Working Paper 5, accessible from www.evidencenetwork.org

6. Concluding comments

This brief review has highlighted some of the methodological approaches possible for the review of cross-departmental expenditure. Whichever approach is taken, there are particular methodological challenges associated with cross-departmental reviews. The logic model and programme theory provide a useful basis for examination and exploration of the issues. But even with relatively 'quick' approaches to review, it is obvious that a reasonable degree of specialist expertise is required in order to undertake a methodologically sound cross-departmental review process.

NOTES

1. For more details on the Expenditure Review Initiative, see Department of Finance (2004).
2. At the time the review started, responsibility was with the Department of the Environment and Local Government. A government re-organisation of departmental functions in 2002 meant that responsibility for road safety was transferred to the Department of Transport.
3. These evaluative criteria are adapted from key evaluative questions identified by the then CSF evaluation unit (now the National Development Plan evaluation unit based in the Department of Finance) in 1998.
4. The Department of Transport availed of funding support from the Change Management Fund. In the end, the Department of Enterprise, Trade and Employment availed of the support provided by an assistant principal undertaking the CMOD/IPA masters programme in policy analysis and did not draw down funding from the Change Management Fund.

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